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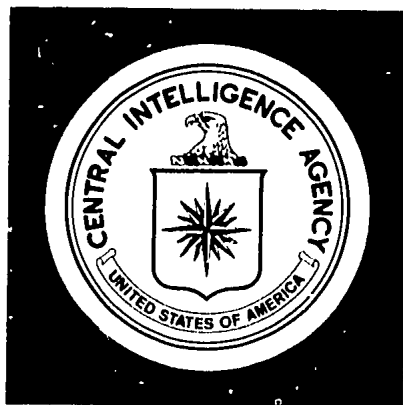
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Economic Intelligence Weekly

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11 December 1974

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ECONOMIC INTELLIGENCE WEEKLY**11 December 1974**

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World Oil Surplus Could Reappear by Mid-1975	13
Notes, Publications of Interest, Statistics	

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Overview

Evidence of the Widespread Recession under way in the industrialized countries is mounting. Third-quarter GNP declined or stagnated in four of the five major countries for which data are available. The slump was led by a drop of 7% (annual rate) in West Germany. Even if output does not decline further in the current quarter, GNP in these countries will be down an average 1% (annual rate) in this half year. Weakness in business demand for investment goods and in net foreign demand for industrial products have now emerged as key factors. Shrinking demand in major developed countries has dampened growth in other countries highly dependent on export markets -- for example, Australia, South Korea, and Taiwan.

At the EC Summit Meeting, members backed the French proposal for a tripartite conference on oil in exchange for agreement by Paris to prior consultations among industrialized consumers. A lengthy session on the need to cope with worsening unemployment resulted only in an echoing of earlier calls for reflation by those countries that can afford to do so. Participants agreed on a \$1.3 billion regional fund to aid depressed regions of Italy, the United Kingdom, and Ireland.

Cabinet Choices by Japanese Prime Minister Miki point to a continuation of present restrictive economic policies until wage settlements are reached in the spring.

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed. They may be directed

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Finance Minister Ohira retains his post, and former Finance Minister Fukuda, architect of the tough anti-inflation program, will serve as deputy prime minister and head of the Economic Planning Agency. In foreign economic policy the new government is expected to court the oil exporters even more assiduously.

Gold Prices recovered after falling sharply on 3-4 December in the wake of Secretary Simon's gold auction announcement. Gold was fixed at \$178 an ounce in London yesterday afternoon, up \$3.75 from the 4 December fixing which followed the Secretary's announcement. Traders estimate that anticipated US private demand is buoying the price by as much as \$30.

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Articles

OPEC INVESTMENT IN UNITED STATES GROWS

Investment by OPEC nations in the United States -- largely bank deposits and short-term government securities -- has doubled since June, to at least \$16 billion. Another doubling is likely by the end of 1975 if OPEC countries merely maintain the present geographic distribution of their holdings.

Preference for Investment in United States

OPEC investment in the United States has accelerated since the end of the Arab oil embargo and the subsequent mushrooming of oil receipts.

- OPEC oil receipts rose from \$12 billion in the first quarter of 1974 to \$22 billion in the second quarter and to \$30 billion in the third quarter. They are expected to remain at \$30 billion in the fourth quarter.
- As OPEC funds flowed into Western financial markets, the share of assets held directly in the United States rose from 13% at the start of 1974 to 24% by the end of November.

This sharp growth in investment in the United States reflects the inability of the OPEC countries to find attractive alternative investment outlets for surplus petrodollars. Saturated with the short-term deposits preferred by OPEC members, many of the largest banks in Europe are accepting additional petrodollars only at a discount from market interest rates. Although small and medium-size banks in Europe would welcome additional short-term deposits, the oil producers are only gradually expanding the number of institutions with which they do business.

Sterling assets have also become less attractive because of growing concern about a further depreciation of the pound. London's recent decision not to extend sterling guarantees beyond the end of 1974 has heightened doubts about sterling's future. Although the oil producers would probably like to increase the share of their investment in the stronger European currencies, they are limited by capital controls and the small size of the markets for these assets.

The premium placed on security and liquidity is clearly reflected in the composition of OPEC assets in the United States. Short-term bank deposits and government securities account for nearly 90% of the total.

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**OPEC Countries: Estimated Investment
in the United States, by Type of Asset
30 September 1974**

	Billion US \$
Total	11.8
Bank deposits	6.1
Call, demand, overnight	2.2
Other short term	3.8
Medium and long term	0.1
Government securities	4.8
Short term:	4.4
Medium and long term	0.5
Other, including real estate and equities	0.9

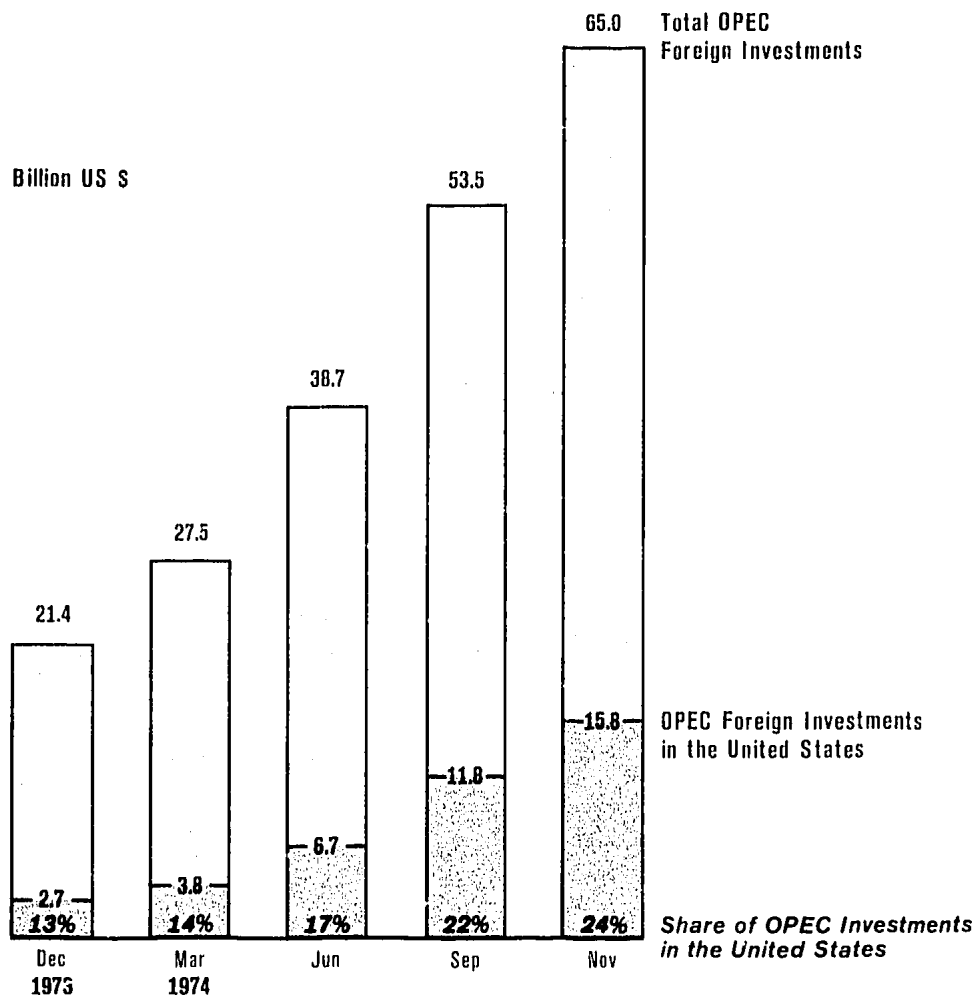
**OPEC Countries: Estimated Foreign Investment
30 September 1974**

	Billion US \$		Investment in the United States as a Percent of Total Investment
	Total Foreign Investment	Investment in the United States	
Total	53.5	11.8	22
Algeria	2.0	Some	Negl.
Ecuador	0.3	0.1	33
Indonesia	1.6	0.8	50
Iran	6.3	1.1	17
Iraq	3.0	0.3	10
Kuwait	8.6	1.9	22
Libya	5.2	0.7	13
Nigeria	4.0	1.6	40
Qatar	0.7	0	0
Saudi Arabia	13.9	2.3	17
United Arab Emirates	3.0	Negl.	Negl.
Venezuela	4.9	3.0	61

Major Investors

Venezuela, Saudi Arabia, Kuwait, Nigeria, and Iran account for nearly 85% of OPEC investment in the United States. Kuwait has the largest single share of US investments other than bank deposits and government securities, including substantial investments in real estate.

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Secret**OPEC Countries: Estimated Foreign Investments**

In addition to the \$16 billion of direct OPEC holdings, OPEC countries have apparently channeled additional funds to the United States through Switzerland and the Bahamas. Swiss and Bahamian holdings in the United States have increased about \$4 billion this year, compared with a normal growth of \$500 million. Much of the difference is believed to be accounted for by OPEC funds.

Prospects

OPEC investment in the United States will probably continue to increase both absolutely and as a share of total foreign investment. Assuming no substantial change in oil prices or oil production, OPEC foreign assets should grow by \$75 billion in 1975. Even if producers continue to invest only a quarter of their surplus in the United States, direct OPEC holdings in the United States would reach \$35 billion at yearend 1975.

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DEVELOPED COUNTRIES: MORE DATA ON THE SLUMP

Evidence on the widespread recession under way in developed countries continues to mount.

In the third quarter, GNP declined or stagnated in four of the five major countries for which data are available. Only the United Kingdom showed a rise. Among the smaller countries, Australia suffered a particularly sharp decline.

Developments in major foreign countries were as follows in the third quarter:

- In West Germany, GNP fell at an estimated annual rate of 7%, pushing output below the year-earlier level for the first time since 1967.
- In Japan, GNP declined at an annual rate of 0.8% after an 18% drop in the first quarter and a slight increase in the second.
- In Canada, GNP remained stationary for the second consecutive quarter, after growing at a 6% annual rate in the first quarter.
- In the United Kingdom, output rose at an annual rate of 4%, recovering to a level only slightly above the quarterly average of 1973.

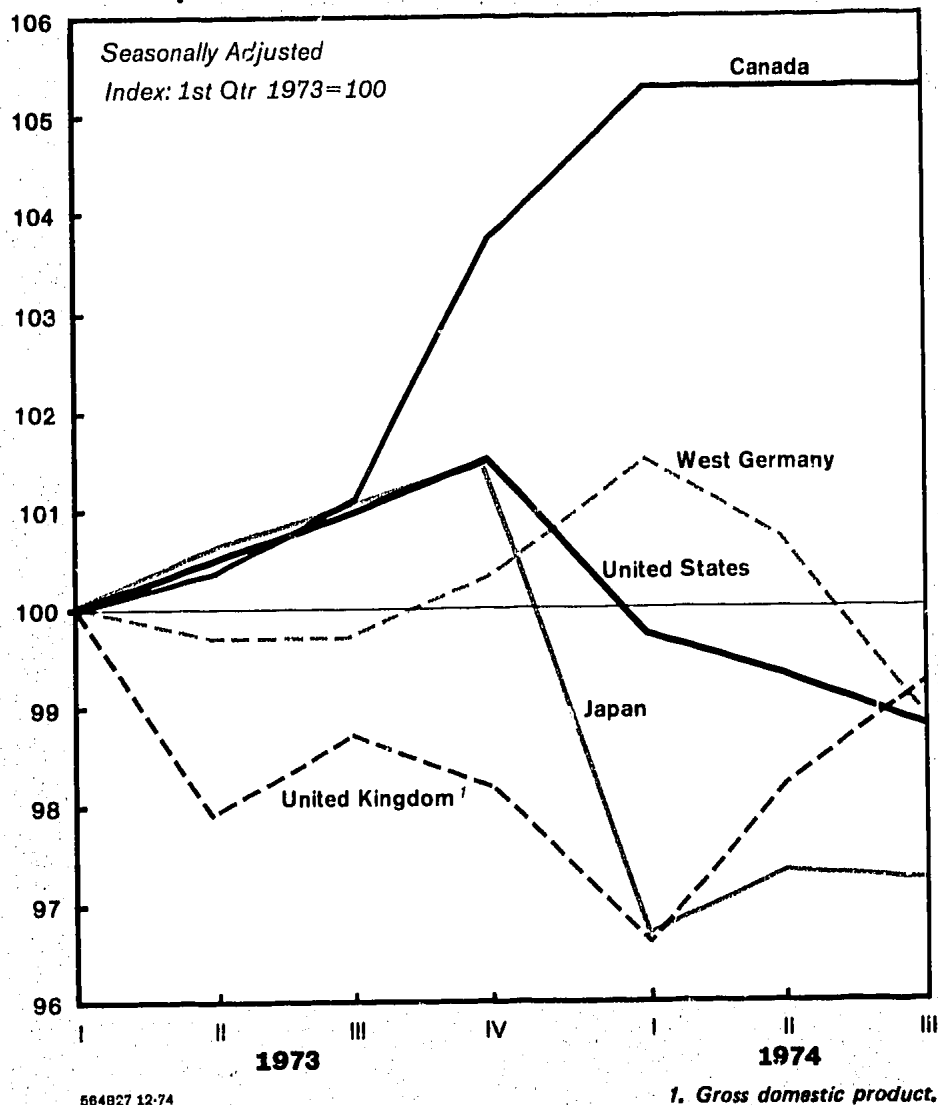
**Developed Countries: Projected GNP Trend
Second Half of 1974**

	Percent Change over the First Half¹	
	OECD Estimate of Nov 1974	Assuming No Change in GNP from Third to Fourth Quarter
United States	-1.2	-1.5
Japan	3.0	0.1
West Germany	0	-3.6
United Kingdom	5.0	3.8
Canada	2.5	0
Weighted average of the five	0.2	-1.0

1. At seasonally adjusted annual rates.

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Developed Countries: Trend in GNP

Sluggish spending on investment and weakness in net foreign demand are major factors in the slump in the third quarter. West German investment, for example, dropped at an annual rate of 8%. A 10% decline in the volume of exports of goods and services also contributed to the poor West German showing. In the United Kingdom, a rebound in consumer expenditures provided the impetus for recovery.

These data point to an even worse economic performance in the current half year than recently projected by the OECD Secretariat. If no change in output occurs from the third to the fourth quarter, GNP in the five major countries will decline at an average annual rate of 1% from the first half of 1974. In November, OECD estimated a 0.2% gain in the second half of 1974.

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GISCARD'S VIEWS ON ECONOMIC ISSUES

French President Valery Giscard d'Estaing will go to the Martinique meeting with President Ford as the leader of a country belatedly caught in the world economic slowdown.

The French economy maintained an acceptable pace through the summer, then slumped. Real growth in GNP nonetheless should top 4% for 1974 as a whole, an achievement most Western countries will envy. Like many of his Western

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colleagues, the French leader is bedeviled by simultaneous inflation and recession at home and high oil prices and unbalanced trade abroad.

Domestic Policy Options

Because of the threat of labor unrest that could shake his political base, Giscard probably will ease the austerity program launched last June to slow inflation and balance the trade account. Under that program, political considerations forced Giscard to apply restrictions to the business sector rather than to consumers. Enterprises will also have to foot most of the bill for a new program guaranteeing up to a year's take-home pay for laid-off workers. Paris similarly is likely to maintain the corporate tax surcharge imposed last June, although credit restraints probably will be relaxed soon.

Industrial production dropped by 2% in September, and the decline continues. Foreign and domestic orders are down; inventories are rising; and the key automotive industry, which had been holding up surprisingly well, is slumping badly. Surveys of business expectations indicate a downturn in the textile, chemical, and construction industries.

The number of unemployed increased by 20% from August to October, as school graduates entered the labor force following the summer vacation. Although few firms are laying off workers, most are unwilling to hire. Unemployment probably will reach 3.0% this winter, compared with 2.6% now and 1.9% a year ago.

Giscard's policy decisions must take into account an inflation that continues at a politically risky 15% pace -- only slightly below the peak rate reached earlier as a result of spiraling oil costs. Wage increases averaging 20% or better have been shoving up unit labor costs. The firm stand by the government against the postal workers' strike last month improves chances for avoiding even larger wage hikes. The recent decline in wholesale prices and in the costs of imported raw materials also are hopeful signs. Nevertheless, double-digit inflation is likely to persist through most of 1975.

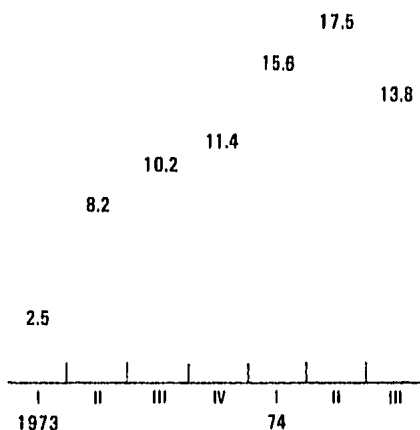
Higher oil costs have caused a shift in the French trade balance from a moderate surplus to a large but manageable deficit. The trade deficit has stabilized at an annual level of \$4.5 billion, with the current account deficit running about \$2 billion higher. A good credit rating is permitting the gap to be covered with little difficulty.

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FRANCE KEY ECONOMIC INDICATORS

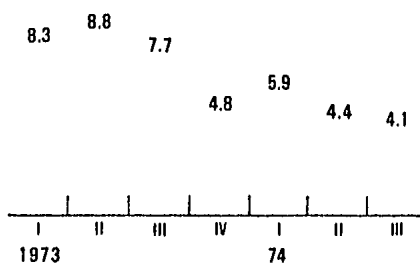
CONSUMER PRICES

Percent change over previous quarter
at an annual rate



INDUSTRIAL PRODUCTION¹

Percent change over same quarter
of previous year

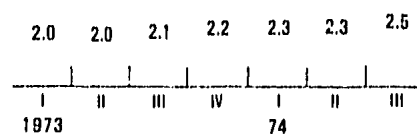


¹. Seasonally adjusted.

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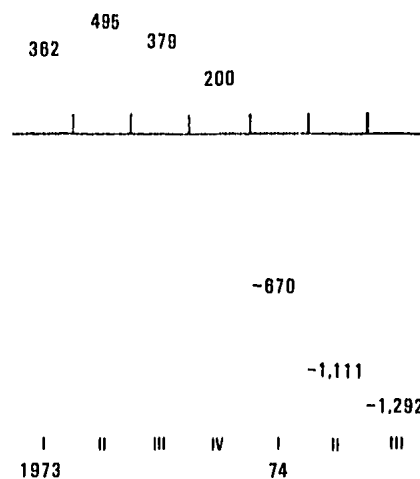
UNEMPLOYMENT RATE¹

Percent



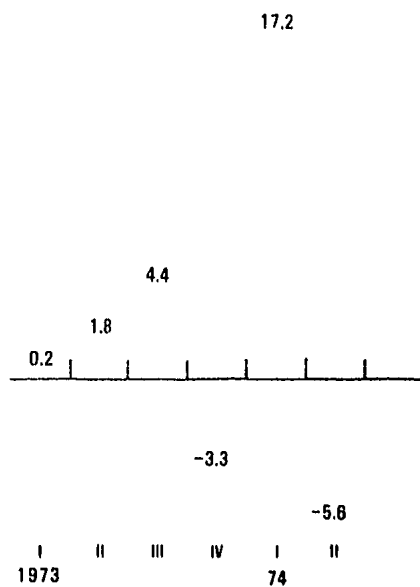
TRADE BALANCE¹

Million US \$



EXPORT VOLUME¹

Percent change over previous quarter



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Although Giscard still has not publicly backed off from balancing the trade account by the end of 1975, this goal has been made even more unrealistic by his favoring domestic consumers at the expense of exports. Despite efforts to limit oil imports and to boost foreign sales of industrial equipment, the trade deficit in 1975 will approximate \$4 billion.

Key International Issues

At the Martinique meeting, President Giscard will emphasize general areas of agreement with the United States on energy policy without, however, offering wholehearted cooperation. He also will want to discuss the responsibility of the major Western governments for combating international inflation/recession.

Energy - Giscard's call for a conference of oil consumers and producers in early 1975 has been greeted unenthusiastically by other governments. Foreign Minister Sauvagnarques and other French spokesmen meanwhile are publicly stressing the similarities between French and US approaches to the oil-price problem

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Giscard probably will try to persuade Washington to participate by offering to delay the conference until importing nations can reduce differences in oil policies.

Giscard may express French willingness to cooperate with the International Energy Agency, if only through a unified EC representation. This approach would allow France to save face, obscuring the break with Gaullist policy. Paris will hesitate to jeopardize the goodwill of oil producers by openly joining a consumer group.

The French president probably will tout reduced consumption of oil as the best means of achieving a reduction in prices. Citing French efforts in this regard, he is likely to urge Washington to adopt conservation measures.

Recycling Oil Money - Giscard distrusts multinational recycling on the grounds that it would be US-dominated, subjecting borrowers to pressure from Washington. Iran already has made a hefty advance payment for imports; Iraq has agreed in principle to lend Paris \$1 billion; and negotiations are under way for a large loan from Saudi Arabia.

World Trade - Paris generally has taken a go-it-alone approach toward balancing French trade, arousing concern within the EC. Its opposition to trade restrictions

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as a threat to French exports has not convinced major trading partners that Paris might not impose its own restrictive measures. Giscard presumably will suggest that Washington adopt expansionary measures to help France and other deficit countries.

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WORLD OIL SURPLUS COULD REAPPEAR BY MID-1975*

A substantial oil surplus – perhaps as much as 3 million b/d – probably will emerge by mid-summer 1975 unless production is cut further. Consumption constraints on consuming countries would tend to enlarge the surplus and hasten its arrival.

The economic slump, high prices, and conservation measures continue to hold oil consumption below the 1973 level. A surplus is being avoided in the current quarter and will continue to be avoided in the next quarter because of the normal

Free World: Oil Consumption and Supply

	Million b/d						
	1974				1975		
		Estimated		Projected			
	1st Qtr	2d Qtr	3d Qtr	4th Qtr	1st Qtr	2d Qtr	3d Qtr
Consumption	47.4	44.4	43.9	49.0	49.9	44.7	44.6
United States	16.9	15.9	16.4	18.0	18.3	16.3	16.4
Japan	5.5	4.9	4.5	5.0	5.2	4.7	4.7
Western Europe	14.8	13.3	12.6	15.7	16.0	13.3	13.0
Other countries	10.3	10.3	10.3	10.3	10.4	10.4	10.5
Supply	48.7	49.7	47.7	47.5	47.6	47.9	48.2
Production	48.0	49.0	47.0	46.7	46.8	47.0	47.3
United States ¹	11.1	11.0	11.0	10.8	10.8	10.8	10.8
Western Europe	0.4	0.4	0.4	0.4	0.4	0.6	0.8
Other countries	36.5	37.6	35.6	35.5	35.6	35.6	35.7
OPEC	30.6	31.7	29.8	29.6	29.6	29.6	29.6
Non-OPEC ²	5.9	5.9	5.8	5.9	6.0	6.0	6.1
Net imports from							
Communist countries	0.7	0.7	0.7	0.8	0.8	0.8	0.9
Implied stock change (including floating storage)	1.3	5.3	3.8	-1.5	-2.3	3.2	3.7

1. Including a processing gain of 450,000 b/d and production of 1.7 million b/d of natural gas liquids.

2. Including Canadian production of natural gas liquids (300,000 b/d).

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winter surge in consumption and importers' desires to maintain higher than normal stocks. Barring unusually harsh weather this winter, stock drawdowns will be nearly 1 million b/d lower than normal. The drawdown in on-shore stocks thus promises to be particularly small. Most of the seasonal rise in oil consumption can probably be met by reducing the amount of oil in floating storage.

If oil output in the OPEC countries stays near the current level as consumption declines in the spring and summer, all available storage capacity -- including floating storage -- should again be filled by mid-summer. OPEC output would then have to be cut to balance world supply and demand.

A surplus would present OPEC countries with a problem similar to that faced last summer. They probably would again work off a surplus through production cuts by individual member states. Some of these production cuts might only be temporary, since consumption would rise again the next winter.

* This article is reprinted from *International Oil Developments* of 5 December 1974.

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Notes

Venezuela: Foreign Oil Companies After Nationalization

Despite failure of draft legislation on oil nationalization to give them a role, foreign oil companies almost certainly will be asked to continue participation in Venezuela's oil industry. Caracas wants them to (a) continue overseas marketing, (b) assure Venezuelan access to technological advances, and (c) participate in the development of new oil fields. Meanwhile, the companies will continue to be involved in management of their properties for at least one year, during the transition from private to national ownership. President Perez will review the draft legislation and present a final bill to Congress early next year with nationalization expected by midyear.

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Afghanistan May Seek PL-480 Wheat

The combined effects of summer drought, diversion of wheat land to cotton, and hoarding stimulated by talk of worldwide scarcities have tightened wheat supplies and raised wheat prices in Afghanistan. Continued drought has heightened

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government apprehension -- probably prematurely -- about the winter wheat crop and possible further price increases. A formal request for 100,000 tons of PL-480 wheat is likely, since the Soviets have already declined help. [REDACTED]

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Publications of Interest*

OPEC Countries: Oil Revenues in 1974

(ER IR 74-30, December 1974, [REDACTED])

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This report presents estimates of the accrued earnings and actual receipts of OPEC countries from oil exports this year. The 1974 oil receipts of OPEC members will total about \$94 billion. Because of a lag between oil exports and payments, more than \$60 billion will be received in the second half. A detailed methodology and supporting material are included.

The Economic Situation in South Vietnam, November 1974

(ER IR 74-31, November 1974, [REDACTED])

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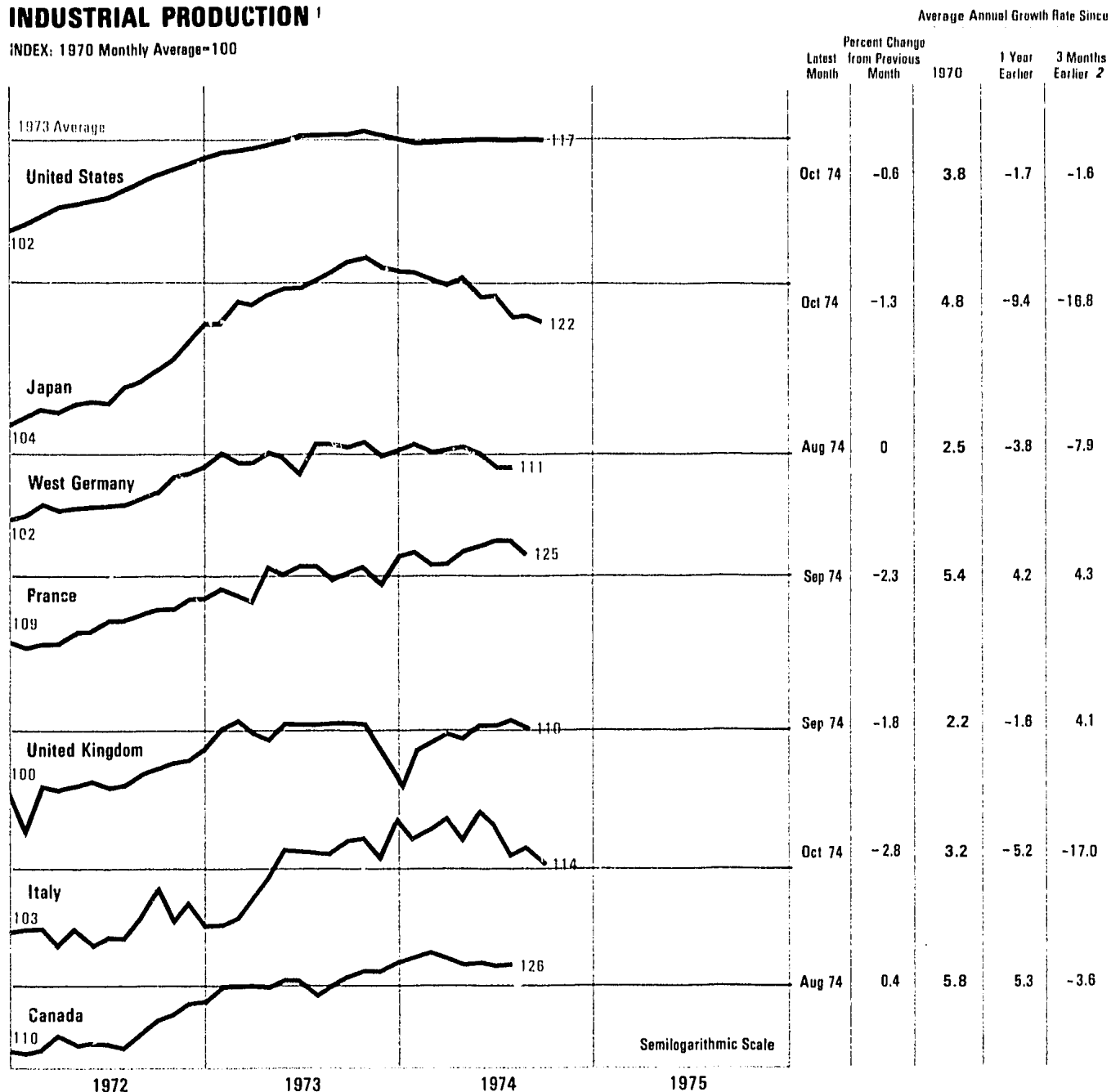
This month's report discusses (1) the continued price stability, (2) the increase in foreign exchange reserves, (3) the favorable rice stock levels, (4) the results of Deputy Prime Minister Don's search for new aid and investment, (5) the decline in the refugee population, (6) the 1975 budget proposal, (7) the promotion of the garment industry, and (8) new ministerial appointments.

[REDACTED]
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INDUSTRIAL PRODUCTION

INDEX: 1970 Monthly Average=100

**GNP**

Constant Market Prices

	Latest Quarter	Average Annual Growth Rate Since			
		Percent Change from Previous Quarter	1970	1 Year Earlier	Previous Quarter
United States	74 III	-0.5	3.2	-2.2	-2.1
Japan	74 III	-0.2	5.3	-3.9	-0.8
West Germany	74 II	-0.7	3.1	1.1	-2.9
France	73 IV	1.7	5.8	6.0	7.0
United Kingdom	74 III	1.0	2.7	0.6	4.2
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 III	0	5.3	4.1	0

RETAIL SALES

Constant Prices

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	-1.3	2.3	-5.7	-4.7
Japan	Jul 74	-3.1	1.0	-11.0	9.4
West Germany	Jul 74	5.7	2.8	0	-7.0
France	Jun 74	-6.7	-0.8	-1.0	-8.9
United Kingdom	Jul 74	1.8	2.6	-0.9	-7.0
Italy	Apr 74	-0.4	6.9	7.1	4.2
Canada	Jul 74	1.1	5.1	2.7	6.3

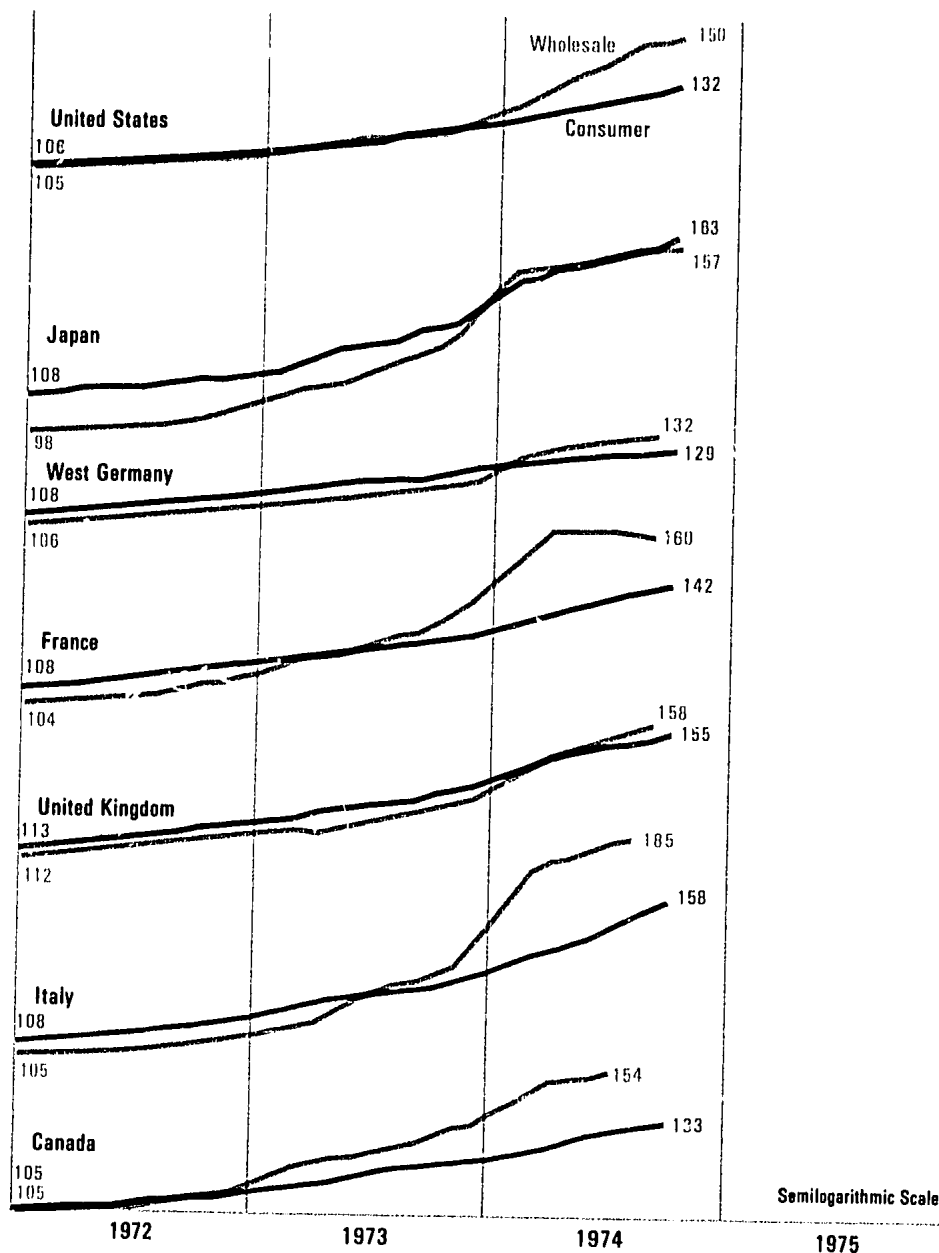
Office of Economic Research/CIA
11 December 1974

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Note: US data provided by US government agencies
Footnotes appear on page A-4.

DOMESTIC PRICES¹

INDEX: 1970 Monthly Average=100



Average Annual Growth Rate Since

Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
Oct 74	1.2	9.9	28.2	19.0
Oct 74	0.9	6.6	12.2	13.9
Oct 74	0.4	11.0	28.7	6.6
Oct 74	2.3	12.0	28.2	21.7
Sep 74	0.2	6.8	14.6	6.9
Oct 74	0.5	6.1	7.1	4.1
Sep 74	-1.0	11.8	27.9	-7.1
Oct 74	1.2	8.5	14.9	13.1
Sep 74	1.5	11.5	25.7	19.5
Oct 74	2.0	10.7	17.1	13.4
Aug 74	0.5	16.1	45.9	23.5
Oct 74	2.1	11.2	25.7	33.9
Jul 74	2.0	11.2	24.6	12.2
Oct 74	0.9	6.8	11.6	10.4

MONEY SUPPLY¹

Average Annual Growth Rate Since

	Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier 2
United States	Oct 74	0.4	5.8	5.7	2.2
Japan	Aug 74	-1.0	18.8	13.1	15.8
West Germany	Sep 74	0.9	9.2	9.7	12.6
France	Jun 74	1.4	12.6	8.7	18.2
United Kingdom	Oct 74	1.5	8.5	5.3	8.5
Italy	Jan 74	1.1	20.6	20.7	17.1
Canada	Sep 74	-0.7	11.8	6.6	-6.1

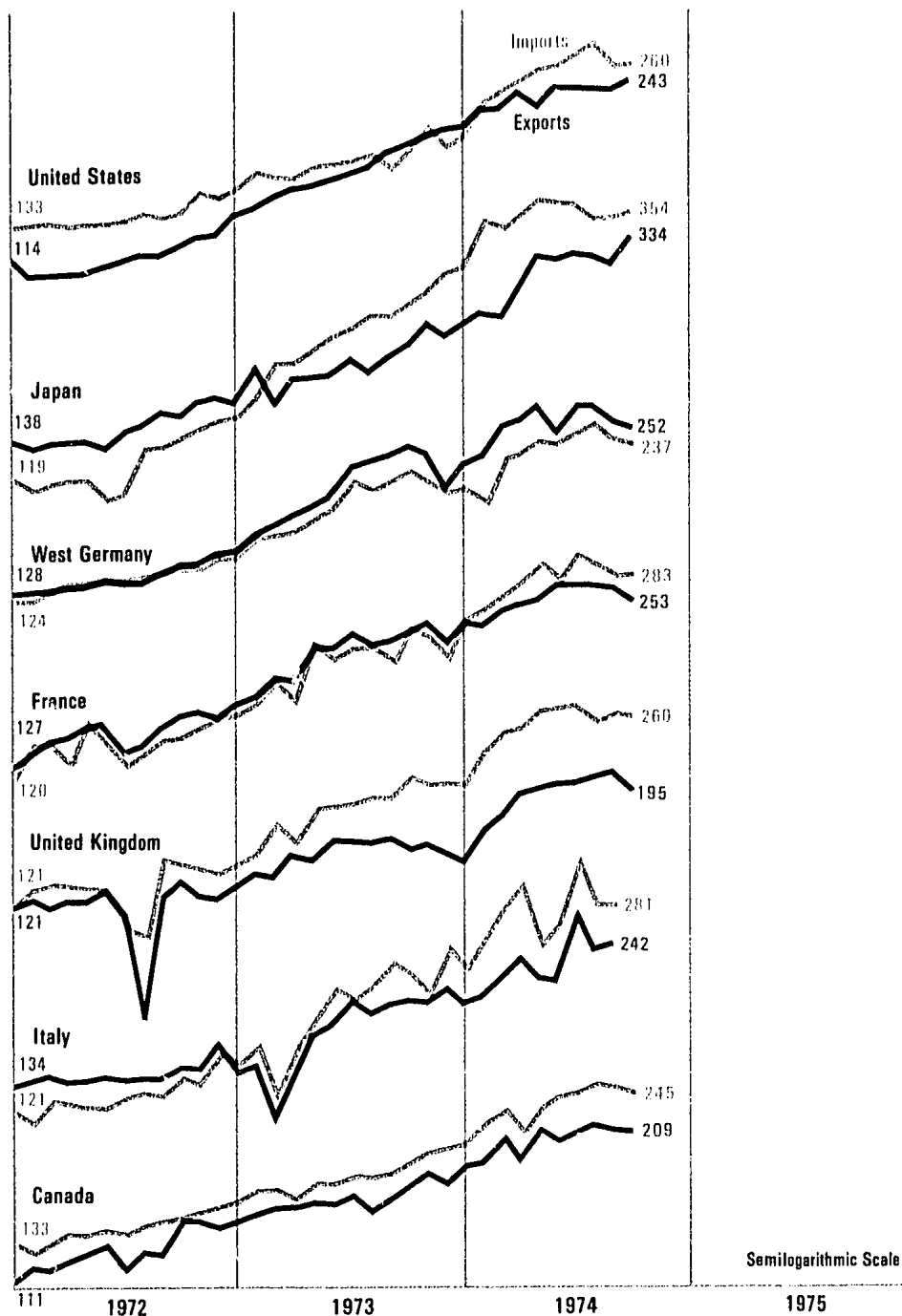
WAGES IN MANUFACTURING^{1,4}

Average Annual Growth Rate Since

	Latest Month	Percent Change from Previous Period	1970	1 Year Earlier	3 Months Earlier 2
United States	Sep 74	1.1	7.1	10.8	13.4
Japan	Aug 74	-2.1	22.8	39.7	59.8
West Germany	74 II	3.1	11.4	12.7	13.1
France	74 III	6.0	13.8	20.5	26.4
United Kingdom	Aug 74	6.4	14.1	15.6	31.4
Italy	Aug 74	3.0	17.9	20.7	25.7
Canada	Jun 74	1.4	9.6	12.8	17.3

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Latest Month	Cumulative (Million US \$)			
	Million US \$	1974	1973	Change
Oct 74	8,665 8,635	80,240 82,557	57,012 56,460	40.7% 46.2%
Balance	30	-2,317	652	-2,869
Oct 74	5,277 4,422	44,276 43,882	29,162 25,799	51.8% 70.1%
Balance	854	393	3,370	-2,977
Oct 74	7,195 5,550	73,150 53,563	55,688 42,345	31.4% 26.5%
Balance	1,644	19,587	13,343	6,244
Oct 74	3,800 4,225	38,106 41,623	30,215 29,043	26.1% 43.3%
Balance	-425	-3,517	1,172	-4,689
Oct 74	3,081 4,105	29,693 39,709	23,219 27,622	27.9% 43.8%
Balance	-1,023	-10,016	-4,403	-5,613
Sep 74	2,664 3,138	21,324 27,489	15,774 17,815	39.0% 56.0%
Balance	-474	-5,564	-1,843	-3,721
Oct 74	2,799 2,724	26,916 26,103	20,689 18,944	30.1% 37.8%
Balance	75	813	1,748	-935

BASIC BALANCE⁵

Current and Long-Term-Capital Transactions

	Latest Period	Cumulative (Million US \$)			
		Million US \$	1974	1973	Change
United States ¹	74 II	-2,740	-954	-2,164	1,210
Japan	Oct 74	436	-8,833	-8,978	-1,655
West Germany	Oct 74	877	5,935	8,236	-2,301
France	73 IV	-475	N.A.	-2,472	N.A.
United Kingdom	74 II	-1,297	-2,951	-868	-2,083
Italy	74 I	-2,037	-2,037	-872	-1,164
Canada	74 II	-445	-613	-6	-608

OFFICIAL RESERVES

Latest Month	Billion US \$			
	End of	Month	1 Year Earlier	3 Months Earlier
Oct 74	15.9	14.5	14.4	14.9
Nov 74	13.7	4.1	13.2	12.9
Nov 74	35.4	8.8	34.1	33.1
Oct 74	9.0	4.4	10.1	8.3
Nov 74	7.8	2.8	6.6	6.8
Sep 74	7.6	4.7	6.5	5.3
Nov 74	5.8	4.3	5.7	5.9

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MONEY-MARKET RATES

	Representative Rates	Latest Date		Percent Rate of Interest		
				1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Dealer-placed finance paper	Nov 27	8.93	8.00	11.94	8.93
Japan	Call money	Nov 15	12.50	9.38	13.75	12.50
West Germany	Interbank loans (3 months)	Nov 27	8.58	13.08	9.53	9.54
France	Call money	Nov 29	12.00	11.25	13.38	12.88
United Kingdom	Sterling interbank loans (3 months)	Nov 27	12.16	15.33	12.45	11.50
Canada	Finance paper	Nov 27	10.28	9.00	11.88	10.65
Eurodollars	Three-month deposits	Nov 27	10.29	10.43	13.74	10.21

EXPORT PRICES

National Currency	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	1.0	12.9	26.5	33.9
Japan	Oct 74	-0.1	10.7	36.8	14.9
West Germany	Sep 74	-0.2	5.7	20.9	22.5
France	Jun 74	3.3	11.1	28.5	42.5
United Kingdom	Jul 74	1.6	15.3	33.2	29.6
Italy	Jul 74	3.9	15.4	42.8	43.4
Canada	Jul 74	1.7	12.4	38.3	13.5

IMPORT PRICES

National Currency	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	0.5	19.4	49.7	18.9
Japan	Oct 74	0.8	16.7	72.9	12.0
West Germany	Sep 74	-1.1	7.0	32.6	9.9
France	Jun 74	0	15.8	61.5	37.0
United Kingdom	Jul 74	0.5	21.3	55.9	18.3
Italy	Jul 74	-2.4	24.8	68.5	7.3
Canada	Jul 74	1.8	11.6	32.5	39.7

EXPORT PRICES

US \$	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	1.0	12.9	26.5	33.9
Japan	Oct 74	-0.1	15.6	21.5	-4.1
West Germany	Sep 74	-1.7	14.0	10.0	0.3
France	Jun 74	2.5	14.7	11.5	33.5
United Kingdom	Jul 74	1.5	13.5	25.1	29.5
Italy	Jul 74	4.6	14.6	28.6	35.7
Canada	Jul 74	0.7	14.3	41.5	9.4

EXCHANGE RATES

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 71	19 Mar 73	29 Nov 74
Japan (yen)	0.0033	21.06	2.86	-12.17	0.30
West Germany (Deutsche mark)	0.4036	60.54	30.07	13.98	-0.20
France (franc)	0.2170	7.48	10.21	-1.54	0.65
United Kingdom (pound sterling)	2.3290	-16.54	-10.62	-5.36	0.17
Italy (lira)	0.0015	-5.93	-12.44	-14.92	0.07
Canada (dollar)	1.0129	9.81	1.51	1.52	0.05

TRADE-WEIGHTED EXCHANGE RATES⁶

As of 6 Dec 74

	Percent Change from			
	Dec 66	18 Dec 71	19 Mar 73	29 Nov 74
United States	-15.36	-6.04	0.57	-0.13
Japan	12.05	-1.47	-13.28	0.24
West Germany	33.23	16.08	10.99	-0.44
France	-16.93	-3.52	-5.98	0.59
United Kingdom	-37.65	-23.24	-8.72	0.04
Italy	-30.68	-29.25	-22.24	-0.11
Canada	7.11	0.53	2.17	0.01

FOOTNOTES FOR WEEKLY INDICATORS

1. Seasonally adjusted.
2. Average for latest 3 months compared with average for previous 3 months.
3. Wholesale price indexes cover industrial goods.
4. Hourly earnings for the United States, Japan, and Canada; hourly wage rates for others. West German and French data are for the beginning of the quarter.
5. Converted to US dollars at the current market rates of exchange.
6. Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

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